

C.I.T. Leasing Corporation
Machinery and Equipment Leasing

135 West 50th Street
New York, New York 10020

14195
RECORDATION NO. Filed 1425

NOV 15 1983 -2 11 PM

INTERSTATE COMMERCE COMMISSION

CIT

October 31, 1983

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

3-319A145
No. NOV 15 1983

Date _____
Fee \$ 50.00

Re: Recording of Conditional Sale Agreement

ICC Washington, D.C.

Dear Sir:

Enclosed please find three identical original conditional sale agreements between the following parties:

Vendor: C.I.T. Financial Services, Inc.
(formerly Universal C.I.T. Credit Corp.)
acting through its agent,
C.I.T. Leasing Corporation
135 West 50th Street
New York, New York 10020

Attention: Nikita Zdanow
Executive Vice President

Purchaser: Prairie Central Railway Company
217 Oak Drive, Suite 1042
New Lenox, Illinois 60451

Attention: Craig Burroughs
President

Guarantor: None

We request that you record this agreement which conveys the Railway equipment described on the attached Schedules A & B. One stamped original should be returned to Mr. Leo Sheer, C.I.T. Leasing Corporation, 135 West 50th Street, New York, New York 10020.

RECEIVED
NOV 15 2 39 PM '83
I.C.C.
FEE OPERATION BR.

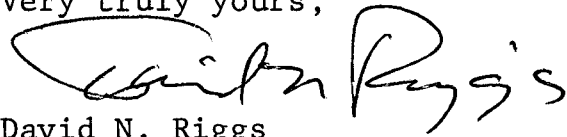
-2

October 31, 1983

Re: Recording of Conditional Sale Agreement

A check for fifty dollars (\$50.00) is included for the payment of the recording fee. If this is insufficient for some reason, it would be appreciated if you would record the document and bill C.I.T. Leasing Corporation for the difference at the above address, attention of Mr. Leo Sheer.

Very truly yours,

A handwritten signature in dark ink, appearing to read "David N. Riggs". The signature is fluid and cursive, with a large, prominent "R" and "g".

David N. Riggs
Vice President
C.I.T. Leasing Corporation

DNR:em
enc.

SCHEDULE A

Schedule of Railroad Equipment attached to and part of the Conditional Sale Agreement dated August 1, 1983, between C.I.T. Financial Services Inc., formerly Universal C.I.T. Credit Corporation, a West Virginia corporation, acting through its agent, C.I.T. Leasing Corporation and Prairie Central Railway Company.

<u>Quantity</u>	<u>Description</u>	<u>Road Numbers</u>
25	Gondola Cars	RDG 31711 31715 31720 31733 31744 31752 31753 31755 31765 31767 31789 31790 31807 31808 31810 31815 31817 31826 31830 31832 31845
		CR 592408 (formerly RDG 31713) 592443 (formerly RDG 31748) 592453 (formerly RDG 31758) 592505 (formerly RDG 31813)

SCHEDULE B

Schedule of Railroad Equipment attached to and part of the Conditional Sale Agreement dated August 1, 1983, between C.I.T. Financial Services Inc., formerly Universal C.I.T. Credit Corporation, a West Virginia corporation, acting through its agent, C.I.T. Leasing Corporation and Prairie Central Railway Company.

<u>Quantity</u>	<u>Description</u>	<u>Road Numbers</u>
5	General Electric U-33C locomotives	CR 6555, 6556, 6557, 6558, 6559

CONDITIONAL SALE AGREEMENT

This Conditional Sale Agreement dated August 1, 1983 is between C.I.T. Financial Services, Inc., formerly Universal C.I.T. Credit Corporation, a West Virginia corporation, acting through its agent, C.I.T. Leasing Corporation ("Seller"), and Prairie Central Railway Company, a Delaware corporation ("Buyer").

RECORDATION NO. 14195
NOV 19 1983 2 46 PM
C.I.T. LEASING CORPORATION
COMMERCIAL RECORDING COMMISSION

1. The Seller hereby sells and the Buyer hereby purchases the property ("Railroad Equipment") described in Schedule A for a contract price as set forth in Paragraph 3.

2. The Buyer is in possession of the Railroad Equipment.

3. The Seller has offered the Buyer the choice of buying the Railroad Equipment described in Schedule A attached hereto for a stated cash purchase price or of buying such property for a contract time price which permits the Buyer to purchase it now but pay in installments over an extended period of time. The Seller herein sells and the Buyer hereby purchases the property from the Seller and elects to pay the contract time price set forth herein. The stated cash price is \$75,000.00 for the 25 gondola cars. Seller acknowledges receipt of \$18,385.00 as a down-payment. The Seller has agreed to finance the balance of the purchase price. Buyer promises to pay Seller 40 consecutive monthly payments of \$1,979.65 in arrears, commencing September 1, 1983, for a total contract time price of \$79,186.00. Seller shall upon receipt of the final payment due under this Conditional Sale Agreement provide Buyer with, and execute, such documents as Buyer may reasonably request to reflect such final payment.

4. Title to the Railroad Equipment (including title for the purpose of any tax credit or depreciation available under Federal and/or state tax laws) shall vest in Buyer upon execution of this Conditional Sale Agreement.

5. In addition to any remedies provided in this Conditional Sale Agreement, Seller shall have all the rights provided to a secured party under Section 1168

of Title 11 of the United States Code and any successor provision thereto.

6. As security for its obligation to pay the contract time price and its other obligations under this Conditional Sale Agreement, the Buyer hereby grants to the Seller a security interest in the Railroad Equipment described in Schedule A attached hereto which it is now buying, together with all attachments and additions, replacements and substitutions pursuant to this Conditional Sale Agreement, and proceeds, including amounts payable under any insurance policy required by Paragraph 13 (b) of this Conditional Sale Agreement, all hereinafter referred to as "collateral". As additional security for its obligation to pay the contract time price, the Buyer hereby grants to the Seller a security interest in the railroad equipment described in Schedule B attached hereto.

7. Any installment not paid when due shall, at the option of Seller, bear late charges thereon calculated at the highest rate permitted by relevant laws, but in no event more than $1\frac{1}{2}\%$ per month.

8. Seller is selling the Railroad Equipment on an "as is, where is" basis; the Seller makes no warranties with respect to the Railroad Equipment except that the Seller declares that it has full power and authority to convey good title to the Railroad Equipment, free and clear of all liens and that so long as Buyer is not in default under this Conditional Sale Agreement neither Seller nor any assignee or successor of Seller shall disturb Buyer's use and quiet enjoyment of the Railroad Equipment. Buyer will settle all claims, defenses, setoffs and counterclaims it may have of any nature against the Railroad Equipment manufacturer, including but not limited to defects in the Railroad Equipment and the like, directly with the Railroad Equipment manufacturer and not set up any such claim, defense, setoff or counterclaim against Seller or its assigns.

9. Buyer acknowledges that: Seller is in no way related to or connected with the Railroad Equipment manufacturer; Seller has no knowledge or information as to the condition or suitability for Buyer's purpose of the collateral; and Seller's

decision to sell this Railroad Equipment is made in reliance on Buyer's warranties, agreements and covenants herein, including Buyer's express agreement not to assert against Seller any claims, defenses, setoffs or counterclaims it may now or in the future have against the Railroad Equipment manufacturer.

10. Buyer warrants and represents: (a) that Buyer is justly indebted to Seller for the full amount of the foregoing indebtedness; (b) that except for the security interest granted hereby the collateral is free from and will be kept free from all liens, claims, security interests and encumbrances not permitted by Paragraph 11 of this Conditional Sale Agreement; (c) that all information supplied and statements made by Buyer in any financial, credit or accounting statement, or application for credit prior to, contemporaneously with or subsequent to the execution of this agreement with respect to this transaction are and shall be true, correct, valid and genuine; (d) Buyer has full authority to enter into this agreement and in so doing it is not violating any law or regulation or agreement with third parties, and it has taken all such action as may be necessary or appropriate to make this agreement binding upon it.

11. Buyer agrees: (a) to defend at Buyer's own cost any action, proceeding or claim affecting the collateral; (b) to pay reasonable attorneys' fees and other expenses incurred by Seller in enforcing its rights after Buyer's default; (c) to pay promptly all taxes, assessments, license fees and other public or private charges when levied or assessed against the collateral or this Conditional Sale Agreement not contested by Buyer in good faith other than taxes based on the net income of Seller, value added taxes in lieu of such net income taxes or Seller's corporate excise, franchise, property, FICA, FUTA or their equivalent taxes; (d) to do everything necessary or expedient to preserve or perfect the security interest of Seller; (e) that it will not misuse, fail to keep in good repair (ordinary wear and tear excepted), secrete, or without the prior written consent of Seller, and notwithstanding Seller's claim to proceeds, sell, rent, lend, encumber or transfer any of the collateral,

except as provided in Sub-paragraph (g) of this Paragraph 11; (f) that Seller may at Seller's risk enter upon Buyer's premises or wherever the collateral may be located at any reasonable time and upon reasonable notice to inspect the collateral at Seller's expense; (g) notwithstanding any provision to the contrary Buyer may, without the consent of Seller, lease or permit the use of the Railroad Equipment or any units thereof (such lease or use to be subject to the rights and remedies of the Seller hereunder) to or by a lessee or user incorporated in the United States of America (or in a state thereof or the District of Columbia), upon lines of railroad owned or operated by the Buyer or such lessee or user or by a railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia), or over which the Buyer, such lessee, such user, or such railroad company or companies have trackage rights or railroad of connecting and other carriers in the usual interchange of traffic or in through or non-through service, but only upon and subject to all the terms and conditions of this Conditional Sale Agreement; provided, however, that the Seller's consent, not to be unreasonably withheld, must be obtained for any lease that is for a term longer than six months or is renewable for a term more than six months; provided, further, however, that the Buyer shall not lease or permit the sublease or use of any unit of the Railroad Equipment for service involving operation or maintenance outside the United States of America except that occasional service in Canada shall be permitted so long as such service in Canada is de minimis and does not involve regular operation and maintenance outside the United States of America.

12. In the event that any unit of the Railroad Equipment during the term of this Conditional Sale Agreement shall become lost; stolen; destroyed; irreparably damaged; permanently rendered unfit for use; or, in the reasonable opinion of the Buyer, worn out or damaged beyond the economic limit of repair, from any cause whatsoever; or taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term of this Conditional Sale Agreement, or by any other government or governmental entity resulting in the loss of

possession by the Buyer for a period of 60 consecutive days (such occurrences being hereinafter called "Casualty Occurrences"), Buyer shall so notify Seller. On the payment date next following the date of such Event of Loss, Buyer shall pay to Seller the Casualty Value of such unit of Railroad Equipment, determined as of such payment date, together with any unpaid amount due on or prior to such date, whereupon Buyer's obligation to pay further amounts for such unit of the Railroad Equipment shall cease, but Buyer's obligation to pay for all other units of the Railroad Equipment shall remain unchanged. The Casualty Value shall be an amount determined on the casualty schedule attached hereto as Schedule C.

13. (a) Subject to the limitations set forth in Paragraph 12 of this Conditional Sale Agreement, all risk of loss of, damage to or destruction of the collateral shall at all times be on Buyer except for loss, damage or destruction resulting from a negligent act or omission of Seller, its officers, employees, agents, representatives, assignees, and/or successors.

(b) Buyer shall, at its own expense, during the term of this Conditional Sale Agreement, insure the Railroad Equipment against (i) physical loss or damage for an amount that shall in no event be less than the Casualty Value which would then be payable in respect of any Casualty Occurrence thereof, with a deductible of not more than \$25,000 per occurrence for collision or derailment damage and \$10,000 per occurrence for all other types of damage, and (ii) general public liability for death or bodily injury and damage to property of others, in an amount of not less than \$50,000,000 for death or bodily injury and \$250,000 for property damage with deductibles of not more than \$25,000 per occurrence. Seller shall not withhold consent from any reasonable changes in the insurance coverage or deductibles provided for by this Subparagraph (b). Buyer shall have the right to insure the Railroad Equipment, for its own account, for the amount by which its fair market value exceeds the coverage required hereunder.

(c) All insurance policies required hereunder shall (i) be issued by insurance carriers of recognized responsibility, (ii) cover the interests of Buyer and Seller

and protect Buyer and Seller in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Railroad Equipment, (iii) provide that the insurance carrier give at least 30 days' prior notice in the event of cancellation or material alteration in coverage, (iv) provide, as to such physical damage insurance, that the losses, if any, shall be payable to a secured party under a standard mortgage loss payable clause, and (v) not require co-insurance.

(d) The proceeds of any physical damage insurance received by Seller or any assignee of Seller shall be paid to Buyer: (i) in the case of a Casualty Occurrence with respect to any unit of the Railroad Equipment upon payment by Buyer of the Casualty Value of such unit of the Railroad Equipment, or (ii) upon the loss, damage or destruction of any unit of the Railroad Equipment which does not constitute a Casualty Occurrence, upon the receipt from Buyer of a certificate to the effect that such unit of the Railroad Equipment has been repaired, restored or replaced, as the case may be (which certificate shall be accompanied by satisfactory evidence of such repair, restoration or replacement), provided that so long as any default by Buyer or Event of Default shall be continuing hereunder, Seller shall be entitled to apply such proceeds against Buyer's liability hereunder. Buyer shall furnish Seller with certificates or other evidence of compliance with this Paragraph 13 as may reasonably be requested.

14. A very important element of this Conditional Sale Agreement is that Buyer make all its payments promptly as agreed upon. Also essential is that the collateral continue to be in good condition (ordinary wear and tear excepted) so as to provide adequate security for the indebtedness. The following are the Events of Default under this agreement which will allow Seller to take such action under this Paragraph and under Paragraph 15 as it deems necessary:

(a) Any of Buyer's obligations to Seller under this Conditional Sale Agreement is not paid within ten business days after such payment date;

(b) Buyer breaches any warranty or provision hereof, or of any other instrument or agreement delivered by Buyer to Seller in connection with this transaction;

(c) Buyer ceases to do business as a going concern;

(d) It is determined that Buyer has given Seller false information of a material nature regarding its financial condition;

(e) Any proceeding shall be commenced by or against Buyer for any relief which includes, or might result in, any modification of the obligations of Buyer hereunder, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than laws which do not permit any readjustments of the obligations of Buyer hereunder), and, unless such proceeding shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of Buyer under this Conditional Sale Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for Buyer or for the property of Buyer in connection with any such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be later.

If Buyer shall be in default hereunder, all amounts then owing by Buyer to Seller under this Conditional Sale Agreement shall, if Seller shall so elect, become immediately due and payable. This acceleration of all indebtedness, if elected by Seller, shall be subject to all applicable laws, including laws as to rebates and refunds of unearned charges.

15. So long as any obligations are owed by Buyer to Seller under this

Conditional Sale Agreement, Seller shall have all the rights and remedies provided by this Conditional Sale Agreement and provided a secured party under applicable law. After default by Buyer, Seller's rights and remedies include but are not limited to a number of choices. Buyer acknowledges that if it defaults Seller is justly entitled to do whatever the law allows to avoid loss to itself and also to obtain for itself the benefit of the bargain under this Conditional Sale Agreement.

Consequently, Buyer agrees that upon Buyer's default Seller, among its other rights and remedies, may by itself or its agent, upon notice to Buyer, enter the premises or upon the land where the collateral is located and without removing the collateral render any Railroad Equipment which is part of the collateral unusable and/or take possession of the collateral, provided such self-help is done without any breach of the peace. In order to afford itself these and related remedies, Seller must be able to enter the premises or land in or upon which the collateral is located. Buyer therefore agrees that upon Buyer's default Seller by itself or its agent, may upon notice to Buyer enter at Seller's risk, into any premises or upon any land (including access roads and rights of way) owned, leased or otherwise under the actual control of Buyer or agent of Buyer where the collateral may be or where Seller believes the collateral may be, and using reasonable force with respect to the collateral and any property connected to the collateral, disassemble, render unusable, disconnect and separate all collateral from any other property and/or repossess and remove all or any item of the collateral. Buyer will not hinder or delay Seller or its agent in any way. Seller may require Buyer to assemble the collateral and return it to Seller at a place on the railroad lines of Buyer to be designated by Seller which is reasonably convenient to both parties. The security interest granted hereby shall continue effective irrespective of any retaking and redelivery of the collateral to Buyer until all amounts secured thereby are fully paid in money.

Unless Buyer otherwise agrees in writing after default, Seller will give Buyer reasonable notice of the time and place of any public sale of the collateral or reasonable notice of the time after which any private sale or other intended disposition thereof

is to be made. Unless otherwise provided by law, the requirement of reasonable notice shall be met if such notice is mailed by registered mail, postage prepaid, to the address of Buyer shown herein at least fifteen business days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling and the like shall include reasonable attorneys' fees and other reasonable legal expenses. Buyer understands that Seller's rights are cumulative and not alternative and that Buyer will remain fully liable for any deficiency remaining after disposition of the collateral.

16. Any waiver by either party in a particular instance or of a particular default shall not be a waiver of other defaults or the same kind of default at another time. No modification or change in this Conditional Sale Agreement shall be binding against either party unless in writing and signed by the party against whom such modification or change is sought to be enforced.

17. If it becomes necessary for Seller's officers, employees, representatives, agents, assignees and/or successors to enter upon the premises or property of Buyer or any third party in connection with this Conditional Sale Agreement, Seller shall take all necessary and proper precaution against the occurrence of any accident or injury (including death) to any such person or property during the presence of such individuals on such premises or property and Seller shall be responsible for, and shall indemnify, defend and save harmless Buyer from any and all costs, damages, liabilities, expenses (including attorneys' fees) and/or penalties arising out of, or in connection with, the presence of such individuals on such premises or property, whether caused in whole or in part by the fault, failure or negligence (other than gross negligence or willful misconduct) of Buyer, its officers, employees, agents, representatives, assignees and/or successors, any inherent defect in the Railroad Equipment or any other cause whatsoever.

18. Seller represents that none of its directors, managers or purchasing or selling officers is a director, president, manager or purchasing officer or agent of Buyer or has a substantial interest in Buyer.

19. Any provisions hereof contrary to, prohibited by, or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining provisions hereof. Buyer acknowledges receipt of a true copy and waives acceptance hereof.

20. The address of the Seller is 135 W. 50th Street, New York, New York 10020, Attention: Nikita Zdanow, Executive Vice President. The address of the Buyer is 217 Oak Drive, Suite 1042, New Lenox, Illinois 60451, Attention: Craig Burroughs, President.

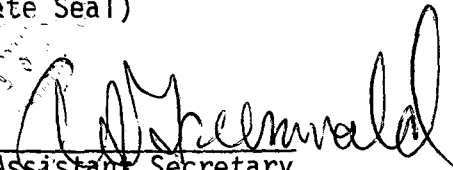
21. Buyer and Seller agree that this Conditional Sale Agreement and the rights of the parties hereunder shall be interpreted under the laws of the State of New York.

C.I.T. FINANCIAL SERVICES, INC.
by its agent, C.I.T. LEASING CORPORATION

By 

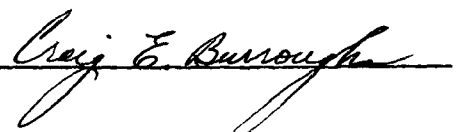
Title Executive Vice President

(Corporate Seal)

Attest: 


Assistant Secretary

PRAIRIE CENTRAL RAILWAY COMPANY

By 

Title PRESIDENT

(Corporate Seal)

Attest: 

Assistant Secretary

SCHEDULE A

Schedule of Railroad Equipment attached to and part of the Conditional Sale Agreement dated August 1, 1983, between C.I.T. Financial Services Inc., formerly Universal C.I.T. Credit Corporation, a West Virginia corporation, acting through its agent, C.I.T. Leasing Corporation and Prairie Central Railway Company.

<u>Quantity</u>	<u>Description</u>	<u>Road Numbers</u>
25	Gondola Cars	RDG 31711 31715 31720 31733 31744 31752 31753 31755 31765 31767 31789 31790 31807 31808 31810 31815 31817 31826 31830 31832 31845
		CR 592408 (formerly RDG 31713) 592443 (formerly RDG 31748) 592453 (formerly RDG 31758) 592505 (formerly RDG 31813)

SCHEDULE B

Schedule of Railroad Equipment attached to and part of the Conditional Sale Agreement dated August 1, 1983, between C.I.T. Financial Services Inc., formerly Universal C.I.T. Credit Corporation, a West Virginia corporation, acting through its agent, C.I.T. Leasing Corporation and Prairie Central Railway Company.

<u>Quantity</u>	<u>Description</u>	<u>Road Numbers</u>
5	General Electric U-33C locomotives	CR 6555, 6556, 6557, 6558, 6559

SCHEDULE C

Casualty Schedule attached to and part of the Conditional Sale Agreement dated August 1, 1983, between C.I.T. Financial Services Inc., formerly Universal C.I.T. Credit Corporation, a West Virginia corporation, acting through its agent, C.I.T. Leasing Corporation and Prairie Central Railway Company.

<u>Payment Date</u>	<u>Amount Per Gondola Car</u>
9/1/83	\$ 2,264.60
10/1/83	2,225.03
11/1/83	2,184.76
12/1/83	2,143.80
1/1/84	2,102.11
2/1/84	2,059.69
3/1/84	2,016.54
4/1/84	1,972.63
5/1/84	1,927.95
6/1/84	1,882.49
7/1/84	1,836.23
8/1/84	1,789.16
9/1/84	1,741.27
10/1/84	1,692.55
11/1/84	1,642.97
12/1/84	1,592.52
1/1/85	1,541.19
2/1/85	1,488.96
3/1/85	1,435.82
4/1/85	1,381.75
5/1/85	1,326.73
6/1/85	1,270.75
7/1/85	1,213.79
8/1/85	1,155.84
9/1/85	1,096.87
10/1/85	1,036.87
11/1/85	975.82
12/1/85	913.70
1/1/86	850.49
2/1/86	786.18
3/1/86	720.75
4/1/86	654.16
5/1/86	586.42
6/1/86	517.49
7/1/86	447.35
8/1/86	375.99
9/1/86	303.38
10/1/86	229.49
11/1/86	154.32
12/1/86	77.83

This acknowledgement hereby becomes a part of that Conditional Sale Agreement dated August 1, 1983 between C.I.T. Leasing Corporation, as agent for C.I.T. Financial Services, Inc., and Prairie Central Railway Company.

STATE OF ILLINOIS }
COUNTY OF WILL } SS

On this 24th day of October, 1983, before me personally appeared Craig Burroughs, to me personally known, who being by me duly sworn, says that he is President of Prairie Central Railway Company, and that said instrument was signed by him on behalf of said corporation by authority of its Board of Directors, and he acknowledges that the execution of the foregoing instrument was the free act and deed of said corporation.

Donna Baumgardner
NOTARY PUBLIC

My commission expires 4-22-85

This acknowledgement hereby becomes a part of that
Conditional Sale Agreement dated August 1, 1983 between
C.I.T. Leasing Corporation, as agent for C.I.T. Financial
Services, Inc., and Prairie Central Railway Company, Inc.

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS

On this 14th day of October, 1983, before me personally
appeared N. Zdanow, to me personally known, who being by me
duly sworn, says that he is an Executive Vice President of
C.I.T. Leasing Corporation and that said instrument was signed
by him on behalf of said corporation by authority of its Board
of Directors, and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
corporation.


NOTARY PUBLIC

My commission expires _____

LEO SHEER
Notary Public, State of New York
No. 31-4513645
Qualified in New York County
Commission Expires March 30, 1985

